

DRAFT 3, JANUARY 18, 2011

NEIGHBORHOOD STABILIZATION PROGRAM 3

SUBSTANTIAL AMENDMENT TO THE FY 2008-2012 CONSOLIDATED PLAN AND FY 2010-11 ACTION PLAN

DUE DATE: MARCH 1, 2011

NAME OF APPLICANT:



MIAMIBEACH

TO:

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

REGION IV, MIAMI FIELD OFFICE

BRICKELL PLAZA FEDERAL BUILDING

909 SE FIRST AVENUE, RM. 500

MIAMI, FL 33131-3042

1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Organization	City of Miami Beach
Name (Last, First)	Director: Parekh, Anna
Email Address	AnnaParekh@miamibeachfl.gov
Phone Number	305-673-7260
Mailing Address	1700 Convention Center Drive, Miami Beach, FL 33139

2. Areas of Greatest Need

Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment. (See Attachment 1)

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.
<p>Response:</p> <p>Citywide, extremely low, very low and low-income residents accounted for 21,504 households in 2000. According to the US Census, over half the residents in half of the City's census tracts earned less than 80 percent of the area median income. These target areas, based on Census 2000 data contain census tract/block groups that have a concentration of low-to-moderate income households. This means more than 50% of the households have incomes at or below 80% of the area median income. The census tracts with low-to-moderate income concentration include 39.07, 42.02, 44.02, 39.01, 39.05, 45.00, and 44.01. Also, in 2000, two-thirds of the census tracts in Miami Beach were minority-majority neighborhoods (Census Tracts 39.05, 39.01, 39.07, 44.02, 42.02, 44.01, 43.00, and 41.01). All with the exception of two of the low income and racially concentrated Census Tract/block Groups overlap.</p>

Determination of Areas of Greatest Need and Applicable Tiers

Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.
<p>Response:</p> <p>The northern and southern part (North Beach and South Beach) of Miami Beach contain the highest concentration of low and moderate income persons in the City. The selected project is in located in an area where 60-79% of the residents are of low and moderate incomes. The project scores a 17 on the NSP3 Mapping Tool.</p> <p>The City of Miami Beach's residential composition is unique compared to other communities in Florida in that the vast majority of the residences in the city are found in condominium buildings and multi-family apartment buildings. Of the 65,583 residential units in Miami Beach, 40,825 or 62% are in condominiums, 19,202 or 29% are in rental apartments, while only 5,556 or 8% are comprised of single family homes. Not surprisingly, the largest numbers of foreclosed homes are condominium units.</p>

In considering the City's "greatest need" and keeping in mind the prospective NSP goal of homeownership, we found that the only affordable homeownership units given NSP income guidelines would be condominiums.

Unlike ownership of a single family home, inherent in owning a condominium unit in today's real estate market is the risk of having the new owner face unanticipated condo fees and/or assessments arising from other foreclosed units in the building or other owners defaulting on their condominium dues. Therefore, Miami Beach's strategy is to use its NSP funding, both its regular allocation and NSPLI, to rehabilitate vacant multi-family buildings for rental housing to income-qualified households.

In 1992, The City of Miami Beach Redevelopment Agency outlined District 1, known as the City Center Redevelopment Area, as an area of slum and blight located in our area of greatest need in South Beach. Since then, The City, The State, and the County have worked together to restructure and bring improvements to the neighborhood. The London House Apartments is a vacant, historic apartment complex, located within District 1, which was acquired by our local non-profit developer, Miami Beach Community Development Corporation. The London House Apartments is in much need of rehabilitation and safety upgrades that have not occurred due to gaps in funding. Completion of Phase 1 of the London House Apartments will create six units for affordable housing to our local workforce, including four units for families.

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	A structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.
Affordable Rents	Rents shall be set according to HOME rental requirements and therefore the maximum HOME rents that can be charge are the lesser of: (1) the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR Part 888.111; or (2) a rent that does not exceed 30 percent of the adjusted income of a family whose annual income equal 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions. The rent must comply with the published HUD income limits per household size.

Descriptions

Term	Definition
Long-Term Affordability	The sub-recipient shall maintain the Premises as a fifty (50) year affordable residential rental apartment building for a term pursuant to an existing Restrictive Covenant. The affordability period shall be incorporated into the sub-recipient NSP3 agreement.

Housing Rehabilitation Standards	All gut rehabilitation of residential buildings up to three stores shall be designed to meet the standard for Energy Star Qualified Homes. Replacement of obsolete products and appliances shall meet Energy Star labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed. Improvements shall mitigate the impact of disasters. Minimum construction standards shall comply with the Florida Building Code, latest edition. Rehabilitation shall also include compliance with Lead-based paint abatement.
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4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.

Response:

Total low-income set-aside **percentage** (must be no less than 25 percent): 25.00%
Total funds set aside for low-income individuals = 25% of \$1,475,088 = **\$368, 772**

Meeting Low-Income Target

Provide a summary that describes the manner in which the low-income targeting goals will be met.

Response:

The sub-recipient shall advertise available affordable housing units. Applications will be required to show total income earned for the household. Beneficiaries will be selected on a lottery basis.

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

The London House Apartments-Phase 1, is currently vacant and has no tenants. Relocation requirements do not apply to this project.

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., \leq 80% of area median income)?	Yes. The sub-recipient will convert 10 empty units into 6 larger units to house families.
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If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	10
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).	6
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	2

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.

Response:

The City of Miami Beach has posted an advertisement of the Notice of a Fifteen Day Public Comment Period and Public Hearing For A Substantial Amendment to the City's FY 2008-2013 Consolidated Plan in the local newspaper on Thursday, December 30, 2010. Citizens will be encouraged to review the amendment before January 17, 2011 and to attend the City Commission meeting on Wednesday January 19, 2011. The Substantial Amendment posted on the City's website on Wednesday, December 29, 2010. The Office of Real Estate, Housing and Community Development will accept comments on the amendment during a 15-day comment period ending on Tuesday, January 18, 2011.

Summary of Public Comments Received.

The summary of public comments received is included as an attachment. (See Attachment 2)

7. NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled "Activity Number 4," "Activity Number 5," "Activity Number 6," and "Activity Number 7." If you are unsure how to delete a table, see the instructions above.)

The field labeled "Total Budget for Activity" will populate based on the figures entered in the fields above it.

Consult the NSP3 Program Design Guidebook for guidance on completing the "Performance Measures" component of the activity tables below.

The City of Miami Beach will be targeting one activity.

Activity Number 1		
Activity Name	The London House Apartments Multi-Family Rehabilitation-Phase 1	
Uses	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input checked="" type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	14B Rehab; Multi-Unit Residential LMH	
National Objective	Low Mod Housing Activities. To provide permanent residential structures will be occupied by LMI households. At least 51 % of the units will be occupied by LMHI households. And at least 25% will be occupied by Low and Very Low Median Income households.	
Activity Description	Rehabilitation of a vacant building that will result in six units of multi-family rental housing. Renters will be selected on a lottery basis to benefit low and moderate income residents who work in the community. The building will provide four three bedroom units and two efficiencies. The City shall request the subrecipient to maintain the rents affordable for the duration of the affordability period described herein. The City will work with the sub-recipient to the maximum extent possible to provide for the hiring of employees who reside in the vicinity of the project or contract with small businesses that are owned and operated by persons residing in the vicinity of the project .	
Location Description	The London House is located at 1695 Washington Avenue, Miami Beach, FL 33139. Tract no. 42.02 which is an area of 60-79% LMI and a score of 17 on the MSP3 Mapping Tool. The London House is a contributing structure in the National Register Miami Beach Architectural District.	
Budget 1	Source of Funding	Dollar Amount
	NSP3	\$1,327,579.00
	Miami Dade OCED CDBG FY2009	\$ 175,300.00
	US HUD EDI	\$ 102,592.88
Total Budget for Activity		\$1,605,471.88
Performance Measures	10 studios will be converted to four 3-bedroom units and two efficiencies. This is an excellent opportunity to provide housing for families with children.	
Projected Start Date	May 1, 2011	
Projected End Date	April 30, 2012	
Responsible Organization	Name	Miami Beach Community Development Corporation

	Location	945 Pennsylvania Avenue, 2 nd floor Miami Beach, FL 33139
	Administrator Contact Info	Roberto Datorre, President
	Administrator Contact Info	305-538-0090 roberto@miamibeachcdc.org

8. Certifications

Certifications for State and Entitlement Communities

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.
- (7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) **The jurisdiction certifies:**

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

City of Miami Beach
Jorge M. Gonzalez

Date

City Manager
Title

APPENDIX 1

Neighborhood ID: 4677673

NSP3 Planning Data

Grantee ID: 1219740E

Grantee State: FL

Grantee Name: MIAMI BEACH

Grantee Address:

Grantee Email: rsoto@miamibeachfl.gov

Neighborhood Name: The London

Date:2010-12-23 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 17

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 4656

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 79.82

Percent Persons Less than 80% AMI: 64.75

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 3268

Residential Addresses Vacant 90 or more days (USPS, March 2010): 62

Residential Addresses NoStat (USPS, March 2010): 102

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 1327

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 16.7

Percent of Housing Units 90 or more days delinquent or in foreclosure: 13.4

Number of Foreclosure Starts in past year: 110

Number of Housing Units Real Estate Owned July 2009 to June 2010: 33

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 23

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -39.4

Place (if place over 20,000) or county unemployment rate June 2005': 3.7

Place (if place over 20,000) or county unemployment rate June 2010': 9.5

'Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-80.136638 25.795718 -80.130072 25.799080 -80.126252 25.797612 -80.127583 25.786406 -80.131874 25.786329 -80.131488 25.787372 -80.136337 25.787101 -80.136509 25.795409

Blocks Comprising Target Neighborhood

120860042021000, 120860042021008, 120860042021015, 120860042021014, 120860042021013,
120860042021012, 120860042021011, 120860042021010, 120860042021009, 120860042021007,
120860042021002, 120860042021004, 120860042021005, 120860042021006, 120860042021003,
120860042021001, 120860042022000, 120860042022008, 120860042022012, 120860042022011,
120860042022010, 120860042022009, 120860042022007, 120860042022002, 120860042022004,
120860042022005, 120860042022006, 120860042022003, 120860042022001, 120860042023000,
120860042023005, 120860042023007, 120860042023009, 120860042023011, 120860042023017,
120860042023016, 120860042023015, 120860042023014, 120860042023013, 120860042023012,
120860042023010, 120860042023008, 120860042023006, 120860042023004, 120860042023001,
120860042023003, 120860042023002,

APPENDIX 2

Public Comment Period: Thursday, December 30, 2010 thru Tuesday, January 18, 2011

Tuesday, January 18, 2011- no comments were received